



STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051

**DOCKET NO. 13-07-18 PURA ESTABLISHMENT OF RULES FOR ELECTRIC
SUPPLIERS AND EDCS CONCERNING OPERATIONS
AND MARKETING IN THE ELECTRIC RETAIL MARKET**

April 17, 2014

By the following Commissioners:

Michael A. Caron
Arthur H. House
John W. Betkoski, III

DRAFT INTERIM DECISION

This draft Decision is being distributed to the parties in this proceeding for comment. The proposed Decision is not a final Decision of the PURA. The PURA will consider the parties' arguments and exceptions before reaching a final Decision. The final Decision may differ from the proposed Decision. Therefore, this draft Decision does not establish any precedent and does not necessarily represent the PURA's final conclusion.

DRAFT INTERIM DECISION

I. INTRODUCTION

On July 16, 2013, the Public Utilities Regulatory Authority (Authority or PURA) established the above-cited docket, pursuant to §§16-245, 16-245a, 16-245o, 16-245p, 16-245q, 16-245s, 16-245t, and 16-245u of the General Statutes of Connecticut (Conn. Gen. Stat.) to examine the current practices of Electric Suppliers and to establish rules and guidelines to ensure better customer protection and provide a fair and competitive environment for all market participants, leading to an improved electric retail market in Connecticut.

The Authority held public comment hearings in each of the following towns: Brookfield, Milford, Norwich, Unionville and Waterbury. The Authority also held four evidentiary hearings at the Authority's offices, Ten Franklin Square, New Britain, on March 24, 25, 26 and 27, 2014. At this time, Late-Filed Exhibit Hearings are scheduled to begin on April 22, 2014.

The record in this proceeding demonstrates the need to take immediate steps to improve certain aspects of Connecticut's retail electricity market. In this Interim Decision the Authority amends the definitions for rate plan offers, imposes immediate customer notification requirements on licensed Suppliers, and requires all Suppliers to update their company contact and agent information. All other issues identified in this proceeding will be addressed in a subsequent Decision.

II. GENERATION SERVICE RATE PLANS

A. DEFINITIONS

The definitions discussed in this subsection apply only to generation service rate plans that are generally available to Residential and Small Business customers (those with monthly demands of 350 kW or less), and do not apply to negotiated contracts.

In Docket No. 10-06-24, DPUC Review Of The Current Status of the Competitive Supplier And Aggregator Market In Connecticut and Marketing Practices And Conduct Of Participants and That Market, the Authority defined the five rate plans generally offered by licensed Suppliers that would be posted to the Rate Board,¹ as illustrated in Table 1 below. See Final Decision dated March 16, 2011, p. 20. The definitions have not changed since that time.

The Office of Consumer Counsel has expressed support for the elimination of Variable and Monthly Variable Plans for Residential and Small Business customers, citing the recent significant increases to generation rates under these plans in support of its position.

¹ The Rate Board is a web based resource maintained by the Department of Energy and Environmental Protection that lists generally available generation offers by licensed suppliers. The Rate Board is accessible through EnergizeCT.com.

The Electric Suppliers generally support retaining Variable and Monthly Variable Plans for all customers claiming that these plans allow Suppliers to quickly adjust prices in falling markets. According to some Suppliers, in rising markets customers receive appropriate price signals which should encourage lower consumption through conservation and energy efficiency which is consistent with Connecticut's energy policies.

As defined, Variable and Monthly Variable Plans allow Suppliers to adjust rates as the market changes. These plans have operated unnoticed for several years and allowed customers to lower their cost when compared to Standard Service rates. However, the recent volatility of the wholesale electricity market and the resulting hikes in generation rates for customers on variable rates have called into question the value of variable plans, how they operate and how to protect consumers from unusual price increases.

The Authority determines that it is inappropriate to limit generation service offers for Residential and Small Business customers by eliminating variable rate products. However, the Authority recognizes that some variable plans are not appropriate for all customer classes. Therefore, the Authority will allow variable rate plans to be offered, subject to revised rate plan definitions and notice and billing requirements set forth in Subsection B below. The revised definitions of rate offers are illustrated in Table 1.

B. RATE BOARD AND BILLING REQUIREMENTS

In Docket No. 07-05-33, DPUC Administration of Disclosure Label Requirements and Examination of Direct Billing By Electric Suppliers, the Authority established the requirements regarding the rates and plans Suppliers are required to submit for posting to the Rate Board. Final Decision dated February 27, 2008, pp. 10 and 11. The Authority is not modifying such requirements at this time. As noted in that Decision, "the Department seeks to present prices for generally available offers, i.e., prices that are available to an entire customer class or rate tariff, and that are typically available for a month, several months or one-year." *Id.* at 11. This remains the Authority's goal for providing information to consumers through the Rate Board.

Daily/Weekly Variable rates can change during a billing period, making it difficult to maintain accurate and timely information on the Rate Board. Further, the Authority finds that Daily/Weekly Variable Rates are not suited to Residential and Small Business customers who typically lack the expertise to oversee the daily electricity market and that it would be burdensome to administer a rate notification strategy for such rates. Accordingly, effective the date of this Decision, Electric Suppliers will no longer be allowed to offer Daily/Weekly Variable Rates to Residential and Small Business customers who are billed for their generation service through consolidated billing.² Daily/Weekly Variable Rates, however, may be offered to customers who are directly billed by the Supplier, subject to the disclosure and notice requirements set forth in Section III of this Decision.

² Consolidated billing is the use of the CL&P or UI billing system by a supplier to collect generation service charge revenues.

Table 1
Definitions – Generation Service Rates

Definitions (Docket No. 10-06-24)	Revised Definitions (Effective 4/30/2014)	Posted to EnergizeCT
Variable Price – price that is subject to change at predefined intervals within a one month period or within one complete billing cycle (e.g., daily, weekly, or bi-weekly).	Daily/Weekly Variable Rate – rate that is subject to change at predefined intervals (e.g., daily, weekly) within a billing cycle. Only available to customers who are directly billed by Suppliers or under negotiated contracts. No cancellation fees allowed.	No
Monthly Variable Price – price that does not change for 30 days, a complete calendar month or one complete billing cycle.	Monthly Variable Rate – rate that is fixed for one complete billing cycle and can change from cycle to cycle. Rate can only change on the customer's meter reading date. No cancellation fees allowed.	Yes
Fixed Price – price that does not change for a specified period of time of not less than 90 days, three calendar months or three complete billing cycles.	Fixed Rate – rate that does not change for a specified period of time of <i>not less than six complete billing cycles</i> . Rate can only change on the customer's meter reading date.	Yes
Renewable – offer for a product that exceeds the applicable minimum Renewable Portfolio Standard requirement.	Renewable Rate – rate for a product that exceeds the current minimum Renewable Portfolio Standard requirement. Rate can only change on the customer's meter reading date. Separate disclosure label required.	Yes
Promotional Price – a price that is not available to current customers or is designed to increase customer enrollment with a Supplier. Promotional prices will not be used to calculate potential savings on the Rate Board.	Promotional Rate – rate that is designed to increase or maintain customer enrollment and may include perks such as gift cards, airline mileage, and <i>must not change for at least three complete billing cycles</i> . Rate can only change on the customer's meter reading date.	Yes

III. CUSTOMER DISCLOSURE AND NOTICE REQUIREMENTS

A. IMMEDIATE RATE DISCLOSURE

The record of this proceeding reveals the need of all Suppliers to immediately provide full disclosure of the rates and terms and conditions to their current customers. Scores of customers complained to the Authority that they were never provided a copy of the contract or of any terms and conditions relating to their service, and many were not informed of their rates. Accordingly, the Authority hereby requires each Electric Supplier to provide a one-time full disclosure to all its existing customers of the terms of their service by providing the following:

- (1) The standardized Disclosure Notice, established by the Authority (Attachment A of this Decision), the content and format of which may not be altered, although a company logo may be added;
- (2) A copy of the customer's contract or agreement; and
- (3) A copy of the Terms and Conditions applicable to the customer.

The Disclosure Notices shall be mailed to each customer by U.S. first-class mail, no later than May 31, 2014. A copy of each Disclosure Notice must be maintained in the customer files for a minimum of three (3) years, and must be provided to the Authority upon request.

B. CONTINUING CUSTOMER NOTICE REQUIREMENTS

1. Notice Required at the End of a Fixed Rate Contract

Conn. Gen. Stat. §16-245o(f), as amended by Public Act 13-119, An Act Concerning the Public Utilities Regulatory Authority, Whistleblower Protection, the Purchased Gas Adjustment Clause, Electric Supplier Disclosure Requirements, and Minor and Technical Changes to the Utility Statutes, provides: "Between thirty and sixty days, inclusive, prior to the expiration of a fixed price term for a residential customer, an Electric Supplier shall provide a written notice to such customer of any change to the customer's electric generation price."

It is critical that customers receive timely and specific information about their future generation rates in order to properly assess their options. Therefore, the Authority will require Electric Suppliers to comply with the requirements of Conn. Gen. Stat. §16-245o(f) in the following manner:

- The Supplier must use the standardized Notice established by the Authority (Attachment B of this Decision), the content and format of which may not be altered, including bolded words, except that a company's logo may be added;
- The notice must also be provided to Small Business customers;
- The notice must be sent to customers by U.S. mail; and
- A copy of the notice must be maintained in the customer's file for a minimum period of three (3) years, and must be provided to the Authority upon request.

2. Notice Required for Any Change in Generation Rates

In many cases Fixed and Promotional Rate plans convert to a Daily/Weekly Variable Rate or Monthly Variable Rate plan without customer awareness. Further, many customers, including business customers, have recently experienced significant rate increases under Variable Plans. In these situations, customers do not learn about a change in rates until they receive their next bill after service has been rendered and the cost incurred. The lack of notification regarding the change in rates under Variable plans is unreasonable, contributed to the problems and issues identified in this proceeding, and must be addressed immediately.

It is critical that customers receive timely and specific information about their future generation rates in order to properly assess their options. Notification of pending price changes is necessary to allow customers to assess their generation options in advance of the next billing cycle and future billing periods. Absent notification, customers are assigned a rate(s) for up to two full billing cycles before they can switch Suppliers.³

Based on the foregoing, the Authority hereby requires Electric Suppliers to keep their customers fully informed of their current and future rates. To that end, prior to holding a Residential or Small Business customer responsible for a new rate or any new terms and conditions of service, a Supplier must provide such customer a written notification of any changes, at least 30 days in advance of such changes. The required written notification must be provided in the following manner:

- The Supplier must use the standardized Notice of Change in Rate or Terms and Conditions, established by the Authority (Attachment C of this Decision), the content and format of which may not be altered, including bolded words, except that a company's logo may be added;
- The notice must be sent to customers by U.S. mail;⁴
- The Notice must be provided to the customer no later than 30 calendar days before the customer's next billing cycle begins; and
- A copy of the notice must be maintained in the customer's file for a minimum period of three (3) years, and must be provided to the Authority upon request.

³ Two months is based on the following scenario. A customer receives an electric bill in which the generation rate changed at the time of the last meter reading (i.e., first full cycle at the new rate). If the customer seeks to replace the existing supplier by taking service from another licensed supplier, and assuming the customer's request to switch is timely submitted **before** the customer's next scheduled meter reading, the customer would remain on the initial supplier's rate until the switch is effectuated at the time of the next meter reading, (i.e., the second full billing cycle). However, the EDCs can return residential customers to Standard Service within two business days of a request. Therefore, if the customer chooses to return to Standard Service they would be billed at the supplier's rate for the previous month (i.e., the first full billing cycle) and then for that portion of the second billing cycle before the EDC could effectuate the switch.

⁴ Technology allows these notifications to be provided through the internet, cell phones and other means. However, the protocols for such notification have not been developed. Therefore, these notices are required to be sent via U.S. mail until alternative notification standards are approved by the Authority.

IV. COMPANY CONTACT AND AGENT INFORMATION

Conn. Gen. Stat. §16-245o(g)(1) provides in pertinent part: “Any third-party agent who contracts with or is otherwise compensated by an Electric Supplier to sell electric generation services shall be a legal agent of the Electric Supplier.” Conn. Gen. Stat. §16-245o(g)(9) further provides: “Each Electric Supplier shall file annually with the authority a list of any aggregator or agent working on behalf of such Supplier.”

Pursuant to Conn. Gen. Stat. §§16-245o(g)(1) and (9), each Electric Supplier is required to file the “Supplier’s Aggregators and Third-Party Agent” Form (Attachment E of this Decision) by no later than May 15, 2014.

In addition, each Electric Supplier is required to file, by May 15, 2014, the “Update of Company Contact Information” (Attachment D of this Decision).

V. ORDERS

1. Effective June 1, 2014, each Electric Supplier shall revise their generation offers to be consistent with the revised definitions of generation service rates in this Decision.
2. By no later than May 31, 2014, each Electric Supplier shall mail to each of its existing customer a Disclosure Notice, as required in Section III.A of this Decision.
3. No later than June 15, 2014, each Electric Supplier shall certify to the Authority that it has completed providing the Disclosure Notices to all customers; such certification shall include the number of notices sent and the mailing dates of such notices.
4. No later than May 15, 2014, each Electric Supplier shall submit to the Authority the “Update of Company Contact Information” (Attachment D).
5. No later than May 15, 2014, each Electric Supplier shall submit to the Authority the “Supplier’s Aggregators and Third-Party Agent” Form (Attachment E).

ATTACHMENT A

Disclosure Notice

Date

Customer John Smith
123 Main Street
Anytown, CT 06060

Dear Mr. Smith:

On April 30, 2014, the Public Utilities Regulatory Authority (PURA) ordered each Electric Supplier to provide a full disclosure to all its existing customers of the terms of their service. Pursuant to PURA's order, [Company] is providing you the following information regarding the terms of your service:

Your current contract for electric generation

Service with [Company] is: **[Fixed/Variable]**

Your contract began on: **[date]**

Your contract ends on: **[date]**

Cancellation Fee: **\$___**

Early termination fee: **\$___**

Your current rate is: **\$___/kWh**

This rate ends on: **[date]**

Your rate after this date is: **\$___/kWh (if unknown, state "Unknown")**

Enclosed is a copy of your contract and the Terms and Conditions of your electric generation service.

If you wish to discontinue your electric generation service from [Company], you must choose another Electric Supplier or return to [CL&P/UI's] Standard Service. Visit www.EnergizeCT.com for more information about choosing an Electric Supplier. Should you have questions please call our customer service representatives at [a toll-free number].

Sincerely,

[Company]

Enclosures

ATTACHMENT B

Notice to be issued at the end of a Fixed Rate Plan

Date

Customer John Smith
123 Main Street
Anytown, CT 06060

Dear Mr. Smith:

You are currently receiving electric generation services from **[Company]** at a Fixed Rate of \$___/kWh. Your Fixed Rate offer ends on **[CUSTOMER'S NEXT METER READ DATE]**. Under the Terms and Conditions of your current Fixed Rate agreement, your electric generation rate will convert to a **[Type of Rate: Monthly Variable, Fixed Rate, etc.]** on **[CUSTOMER'S NEXT METER READ DATE]** and your rate will **[increase/decrease]** to \$___/kWh.

No action is required on your part if you wish to continue your service with us. The rate of \$___/kWh will be applied to electricity used during your next billing cycle or until **[date]**. We will notify you next month if your rate of \$___/kWh will change.

If you wish to discontinue your electric generation service from **[Company]**, you must choose another Electric Supplier or return to **[CL&P/UI's]** Standard Service by **[DATE BEFORE METER READING]** to avoid being billed at \$___/kWh for electricity used during your next billing cycle. Visit www.EnergizeCT.com for more information about choosing an Electric Supplier. Should you have questions please call our customer service representatives at **[a toll-free number]**.

Sincerely,
[Company]

ATTACHMENT C

Notice of Change in Rate or Terms and Conditions

Date

Customer John Smith
123 Main Street
Anytown, CT 06060

Notice of Change in Rate or Terms and Conditions

Dear Mr. Smith:

Thank you for being a [Company] electricity customer. Your current price with [Company] is \$____/kWh through [date].

Beginning on [date], your new electricity price will be \$____/kWh through [date]. We will notify you next month if your rate will change.

[For changes in Terms and Conditions, provide clearly: the current terms and conditions, the new terms and conditions, and the effective date.]

If you wish to discontinue your electric generation service from [Company], you must choose another Electric Supplier or return to [CL&P/UI's] Standard Service. Visit www.EnergizeCT.com for more information about choosing an Electric Supplier. Should you have questions please call our customer service representatives at [a toll-free number].

Sincerely,
[Company]

ATTACHMENT D**UPDATE OF COMPANY CONTACT INFORMATION**

Date Submitted: _____

Name of Electric Supplier: _____
(including d/b/a, if any)

Company website: _____

Company Address: _____

Docket No.: _____

Contact Person for Customer Service:	<i>Name:</i> _____ <i>Address:</i> _____ <i>Phone:</i> _____ <i>Email:</i> _____
Contact Person for RPS Compliance matters:	<i>Name:</i> _____ <i>Address:</i> _____ <i>Phone:</i> _____ <i>Email:</i> _____
Contact Person for the Reporting of Gross Revenues and annual assessment pursuant to C.G.S. §16-49:	<i>Name:</i> _____ <i>Address:</i> _____ <i>Phone:</i> _____ <i>Email:</i> _____
Contact Person for general Regulatory Compliance matters:	<i>Name:</i> _____ <i>Address:</i> _____ <i>Phone:</i> _____ <i>Email:</i> _____

ATTACHMENT E

SUPPLIER'S AGGREGATORS AND THIRD-PARTY AGENTS

Date Submitted: _____

Name of Electric Supplier: _____
(including d/b/a, if any)

Docket No.: _____

An Electric Supplier is required to provide the following information for each third-party agent working on behalf of the Supplier during the specified reporting period. "Agent" is defined as any person who: (1) contracts with or is otherwise compensated by a Supplier to sell electric generation services; (2) makes telemarketing calls on the behalf of a Supplier with the goal of either providing electric supply information or soliciting customers for electric generation services; or (3) distributes, via U.S. postal mail, e-mail or hand out, any marketing materials promoting electric supply options or soliciting customers for electric generation services.

Reporting Period: January 1, 2013 through May 1, 2014

Agent Name: _____ Employer: _____ Address: _____ Tasks Performed: _____ _____ Dates Active: _____ _____	Agent Name: _____ Employer: _____ Address: _____ Tasks Performed: _____ _____ Dates Active: _____ _____
Agent Name: _____ Employer: _____ Address: _____ Tasks Performed: _____ _____ Dates Active: _____ _____	Agent Name: _____ Employer: _____ Address: _____ Tasks Performed: _____ _____ Dates Active: _____ _____
Agent Name: _____ Employer: _____ Address: _____ Tasks Performed: _____ _____ Dates Active: _____ _____	Agent Name: _____ Employer: _____ Address: _____ Tasks Performed: _____ _____ Dates Active: _____ _____

**DOCKET NO. 13-07-18 PURA ESTABLISHMENT OF RULES FOR ELECTRIC
SUPPLIERS AND EDCS CONCERNING OPERATIONS
AND MARKETING IN THE ELECTRIC RETAIL MARKET**

This Decision is adopted by the following Commissioners:

Michael A. Caron

Arthur H. House

John W. Betkoski, III

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.

Nicholas E. Neeley
Acting Executive Secretary
Public Utilities Regulatory Authority

Date